

# Committee on Resources

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STATEMENT BY BRUCE W. FEARS

PRESIDENT

DELAWARE NORTH COMPANIES PARKS & RESORTS, INC.

BEFORE THE  
HOUSE COMMITTEE ON RESOURCES

SUBCOMMITTEE ON NATIONAL PARKS, RECREATION AND PUBLIC LANDS

OVERSITE HEARING TO EXAMINE THE STATUS OF

THE NATIONAL PARK SERVICE CONCESSIONS MANAGEMENT PROGRAM

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Mr. Chairman and members of the Subcommittee, thank you for giving me the opportunity to testify on the status of the National Park Service concessions management program. My name is Bruce Fears. I am the president of Delaware North Companies Parks & Resorts, Inc., a subsidiary of Delaware North Companies, Inc., a Buffalo, N.Y.-based company that provides food service, hospitality and recreation services at parks, attractions, professional sports facilities and airports. As such, I oversee a \$300 million operation that includes contracts at four national parks: Yosemite, Sequoia, Grand Canyon and Yellowstone, as well as at Kennedy Space Center, the U.S. Mint and various state parks throughout the United States. Delaware North also owns and operates several resort properties.

My experience with national parks spans more than 30 years. I grew up near Shenandoah National Park where my father and mother earned their livelihood working for a small company that managed the park's concessions. When my brothers and I were old enough, we helped them, learning the business from the ground up. Following my graduation from college, I joined ARAMARK where I spent 20 years in concessions management, including working with many National Park Service contracts. I came to Delaware North as Vice President of Operations in 1996, just several years after the company entered the parks concessions business.

This afternoon, I would like to speak about the effect that the National Park Service Concessions Management Improvement Act of 1998 and the resulting increased competition for national park contracts have had on the quality of the bids that are being presented.

Yosemite was Delaware North's first national park contract. Then legislation gave preferential right of renewal to incumbent concessionaires. However, through an unusual set of circumstances, the contract was open to bids. Delaware North competed against four other companies, winning the bid and entering into a partnership with the National Park Service that became not only a model, but also the impetus for change.

Through our work at Yosemite, Delaware North demonstrated that it was possible to enhance visitor services, protect public lands and provide an attractive rate of return to the government. Indeed, in less than 10 years of operation at Yosemite, we spent approximately \$140 million on capital improvements and buyout of the previous concessionaire's possessory interest. In all, we returned about 17 percent of revenues to the National Park Service. The previous concessionaire was returning less than 1 percent. The story is similar at Sequoia, where in the first four years of operation, Delaware North reinvested an astounding 77 percent of revenues, including a \$14 million investment in the design and construction of the Wuksachi Lodge.

Our dedication to the national parks in our care transcends our financial contributions in a most profound way. GreenPath, our system of environmental management, is a clear indication of the importance we place on environmental stewardship. GreenPath has won awards and earned registration to the rigorous standards established by the International Organization for Standardization, a first for a U.S. hospitality company or parks concessionaire. We are proud of our accomplishments and prouder still that we have inspired some of our competitors to follow suit.

Using these examples and others like them to support our claim, we lobbied for the National Park Service Concessions Management Improvement Act of 1998. Since its passage, we've seen many cases in which the National Park Service is being offered stronger, more competitive bids. I might add that these bids did not always unseat the incumbent or benefit Delaware North, for that matter. But they did give interested parties an opportunity to bid, and the National Park Service, a choice.

For example, Delaware North and two other companies pursued the Crater Lake contract. Delaware North did not win the bid. Two companies bid on the Acadia contract, which the incumbent retained. Interestingly, Delaware North was considering the Request for Proposal, but after reviewing the work that was being done at Acadia, we decided there was little that we could do to improve on the current concessionaire's performance. Finally, there were three bids for Yellowstone's retail contract, which Delaware North subsequently won.

I cannot speak about our competitors' bids because I am not privy to them, but I can tell you that Delaware North won the Yellowstone contract as a result of a fair and aggressive rate of return to the government, our record of environmental management, and a plan that includes extensive renovation and restoration of the park's retail stores.

As a result of the National Park Service Concessions Management Act of 1998, we now have better proposals, where capital improvement funds, fair rates of return, and innovative interpretive and environmental management programs are the norm. Our current climate encourages qualified bidders to invest the time and money necessary to prepare a competitive bid, whereas the preferential right to renew proviso contained in 16 USC was a disincentive. Incidentally, we are comfortable with the protection given to concessionaires with contracts valued at \$500,000 or less, understanding that it helps establish a level playing field for all. Conversely, there are many contracts valued at less than \$5 million that are controlled by large corporations and should be put out to bid in the interest of giving the National Park Service solid, competitive bids.

Professionally and personally, we believe strongly in the importance of sharing National Park Service business with many companies--large and small--and awarding contracts based on the strength of the bids and on the ability of each concessionaire to respond to the unique needs of each park. No National Park Service effort--or legislation in its behalf--has brought more to bear on the level of returns to the U.S. government and its taxpayers, or on the preservation and enhancement of our national treasures.

Thank you for your time and attention. I am happy to respond to questions.